

SA agriculture posts strong growth in Q2 of 2020

 By [Paul Makube](#)

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Following a good start to 2020 with first quarter agriculture GDP rebounding strongly by 28.6% quarter-on-quarter seasonally adjusted annualised, the sector posted another impressive growth of 15% in the second quarter of 2020 which made it the only positive contributor with a 0.3 of a percentage point. Statistics South Africa (StatsSA) further revised the first quarter agriculture GDP reported earlier in the year from 27.8% to 28.6%.



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The strong second quarter growth was underpinned by the increased production in field and horticulture crops, as well as animal products. The country's 2020/21 total grain and oilseed output was recently pegged at 17.85 million tonnes which is still one of the largest on record and 34% higher relative to the 2019 levels as weather turned positive and boosted crop growth.

Maize, which is the biggest staple for South Africa is expected to go up 38% year-on-year at 15.84 million tonnes. We saw a similar development with winter crops whose first estimate for 2020 showed a massive 32.4% year-on-year increase in production at 2.64 million tonnes of which wheat accounted for 74% of the total, followed by barley (19%), canola (5%), and oats (2%).

The higher wheat production is particularly important as South Africa is a net importer and therefore will help reduce the import bill. A combination of good harvest, a relatively weaker exchange rate, and strong export demand boosted horticulture's contribution to agriculture growth. The animal products defied the seasonal demand pressures during winter as well as the Covid-19 disruptions and came out stronger as prices were resilient across most categories.

Given the huge harvest outlook for both the summer and winter crops as well and good commodity prices, we expected the agriculture GDP to maintain the current momentum into the remaining quarters of 2020.

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